
AGRESERVES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1997



AGRESERVES LIMITED

Company Information

Directors J. W. Creer
K. F. Keefer
T. G. Rueckert
C. R. Jolliffe
A. K. Broadway

Secretary T. Rueckert
A. K. Broadway

Company Number 2947030

Registered Office Manor Farm
Wood Walton
Huntingdon
Cambs
PE17 5YU

Auditors Martin & Acock
2, The Close
Norwich
Norfolk
NR1 4DJ

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and the financial statements for the year ended 31 December 1997.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year after taxation, amounted to £(39,227) (1996 - profit £265,195) .

Principal activities and review of business

The company's principal activity continues to be that of arable and dairy farming.

The company continued to operate a policy of generating the highest profit feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings are maintained to a high standard.

Good crop yields were achieved this year but, with the decline in cereal prices and especially for crops not sold on forward contracts, the company's results are significantly down on the 1996 harvest. Both the reduction of MAFF area aid payments and the strength of sterling contributed to the reduction in farming income.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve the economic rewards gained from the continued operating success, and are confident that previous levels of profitability can again be attained.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

| | Ordinary shares of £1 each | |
|----------------|----------------------------|------|
| | 1997 | 1996 |
| J. W. Creer | - | - |
| K. F. Keeler | - | - |
| T. G. Rueckert | - | - |
| C. R. Jolliffe | - | - |
| A. K. Broadway | - | - |

K. F. Keeler and A. K. Broadway retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

Political and charitable contributions

The company made charitable donations of £334,024 (1996: £371,393) during the year.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

Events since the end of the year

Since the year end, the company has purchased a second subsidiary, Farmspeed (Southery Anchor) Limited. This company operates an arable farm of approximately 1,800 hectares in Norfolk.

Auditors

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 25 September 1998 and signed on its behalf.



R. Jolliffe
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF AGRESERVES LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Martin and Acock
Martin & Acock

**Chartered Accountants
Registered Auditor**

2, The Close
Norwich
Norfolk
NR1 4DJ

25 September 1998

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1997

| | Note | 1997 £ | 1996 £ |
|---|------|-------------|-----------|
| TURNOVER | 1,2 | 1,882,253 | 1,915,500 |
| Cost of sales | | (1,194,615) | (738,908) |
| GROSS PROFIT | | 687,638 | 1,176,592 |
| Selling and distribution costs | | (362,269) | (380,669) |
| Administrative expenses | | (101,775) | (142,523) |
| Other operating income | | 81,017 | 51,266 |
| OPERATING PROFIT | 3 | 304,611 | 704,666 |
| Profit on disposal of tangible fixed assets | | 8,057 | 15,186 |
| | | 312,668 | 719,852 |
| Income from other investments | | 455 | - |
| Amounts written off investments | | - | (47,227) |
| Profit on disposal of investments | | - | 26,325 |
| Interest receivable | 6 | 36,199 | 11,569 |
| Interest payable | | (208) | - |
| Charitable payment | | (334,024) | (371,393) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 15,090 | 339,126 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 7 | (54,317) | (73,931) |
| (LOSS)/RETAINED PROFIT FOR THE YEAR | | (39,227) | 265,195 |
| RETAINED PROFIT/(LOSS) BROUGHT FORWARD | | 4,761 | (260,434) |
| (LOSS)/RETAINED PROFIT CARRIED FORWARD | | £ (34,466) | £ 4,761 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 1997 or 1996 other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

AGRESERVES LIMITED

BALANCE SHEET
As at 31 December 1997

| | Note | £ | 1997 £ | £ | 1996 £ |
|---|------|-------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible fixed assets | 8 | | 320,514 | | 320,514 |
| Tangible fixed assets | 9 | | 818,634 | | 832,248 |
| Investments | 10 | | 3,525,453 | | 3,525,453 |
| | | | <u>4,664,601</u> | | <u>4,678,215</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 1,441,195 | | 1,486,701 | |
| Debtors | 12 | 416,605 | | 210,470 | |
| Cash at bank and in hand | | 881,280 | | 482,127 | |
| | | | <u>2,739,080</u> | <u>2,179,298</u> | |
| CREDITORS: amounts falling due within one year | 13 | (1,016,550) | | (1,135,381) | |
| NET CURRENT ASSETS | | | <u>1,722,530</u> | | <u>1,043,917</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>6,387,131</u> | | <u>5,722,132</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | 14 | | (71,597) | | (17,371) |
| NET ASSETS | | | <u>£ 6,315,534</u> | | <u>£ 5,704,761</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 15 | | 1,000,000 | | 1,000,000 |
| Capital reserve | 16 | | 5,350,000 | | 4,700,000 |
| Profit and loss account | | | (34,466) | | 4,761 |
| SHAREHOLDERS' FUNDS - All equity | 17 | | <u>£ 6,315,534</u> | | <u>£ 5,704,761</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the board on 25 September 1998 and signed on its behalf

C. R. Jolliffe

Director

The notes on pages 8 to 15 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 1997

| | Note | 1997 £ | 1996 £ |
|--|------|-----------|-----------|
| Net cash (outflow)/inflow from operating activities (Page 7) | | (35,365) | 840,949 |
| Returns on investments and servicing of finance | 18 | 36,446 | 11,569 |
| Taxation | | (56,651) | - |
| Capital expenditure and financial investment | 18 | (162,610) | (522,074) |
| Cash (outflow)/inflow before use of liquid resources and financing | | (218,180) | 330,444 |
| Financing: | 18 | | |
| Capital transferred from parent undertaking | | 650,000 | - |
| Decrease in debt | | (32,667) | (32,666) |
| | | 617,333 | (32,666) |
| Increase in cash in the period | | £ 399,153 | £ 297,778 |

The notes on pages 8 to 15 form part of these financial statements.

CASH FLOW STATEMENT INFORMATION
For the year ended 31 December 1997

| | Note | £ | 1997 | £ | 1996 | £ |
|--|------|---|-----------|---|-----------|-----------|
| RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES | | | | | | |
| Operating profit | | | 304,611 | | 704,666 | |
| Depreciation of tangible fixed assets | | | 184,281 | | 170,414 | |
| (Increase)/decrease in debtors | | | (206,135) | | 972,087 | |
| Decrease/(increase) in stocks | | | 45,506 | | (527,258) | |
| (Decrease)/increase in creditors | | | (29,604) | | 207,149 | |
| Issue of free shares | | | - | | (5,176) | |
| Donations | | | (334,024) | | (371,393) | |
| Net cash (outflow)/inflow from operating activities | | £ | (35,365) | | £ | 1,150,489 |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS | | | | | | |
| | 19 | | | | | |
| Increase in cash in the period | | | 399,153 | | 297,778 | |
| Cash outflow from decrease in debt and lease financing | | | 32,667 | | 32,666 | |
| Change in net funds resulting from cash flows | | | 431,820 | | 330,444 | |
| Net funds at 1 January 1997 | | | 449,460 | | 119,016 | |
| Net funds at 31 December 1997 | | £ | 881,280 | | £ | 449,460 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|---|----------------------------------|
| Farm building improvements and drainage | straight line over 5 to 20 years |
| Plant & machinery | straight line over 5 to 10 years |
| Motor vehicles | straight line over 3 to 10 years |
| Fixtures, fittings, tools and equipment | straight line over 5 years |

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.8 Pensions

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

1.9 Intangible fixed assets

Milk Quota is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

1.10 Area aid income

Area aid income is recognised in the profit and loss account when the underlying crops are sold.
Set aside income is recognised on a receipts basis.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being arable and dairy farming.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

| | 1997 £ | 1996 £ |
|---|-------------------|-------------------|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 184,281 | 160,614 |
| - held under finance leases | - | 9,800 |
| Audit fees | 8,250 | 8,000 |
| Auditors' remuneration - non-audit services | 9,400 | - |
| Operating lease rentals | | |
| - hire of plant & machinery | 24,543 | 39,130 |
| - other | 262,008 | 255,917 |
| | <u> </u> | <u> </u> |

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 1997 £ | 1996 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 359,844 | 378,636 |
| Social security costs | 28,920 | 24,207 |
| Other pension costs | 24,802 | 18,075 |
| | <u> </u> | <u> </u> |
| | £ 413,566 | £ 420,918 |
| | <u> </u> | <u> </u> |

The average monthly number of employees, including directors, during the year was as follows:

| | 1997 | 1996 |
|-----------------------|-------------------|-------------------|
| Farming | 11 | 13 |
| Office and management | 7 | 5 |
| | <u> </u> | <u> </u> |
| | 18 | 18 |
| | <u> </u> | <u> </u> |

5. DIRECTORS' REMUNERATION

| | 1997 £ | 1996 £ |
|---|-------------------|-------------------|
| Aggregate emoluments | 51,302 | 52,606 |
| Company pension contributions to money purchase schemes | 4,929 | 3,319 |
| | <u> </u> | <u> </u> |
| | £ 56,231 | £ 55,925 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

6. INTEREST RECEIVABLE

| | 1997 £ | 1996 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | £ 35,991 | £ 11,569 |

7. TAXATION

| | 1997 £ | 1996 £ |
|----------------------------------|-----------|-----------|
| Current year taxation | | |
| UK Corporation Tax at 33% | - | 56,560 |
| Transfer to deferred taxation | 54,226 | 17,371 |
| Tax on franked investment income | 91 | - |
| | £ 54,317 | £ 73,931 |

8. INTANGIBLE ASSETS

| | Milk Quota £ | Total £ |
|---------------------|-----------------|------------|
| Cost | | |
| At 1 January 1997 | 320,514 | 320,514 |
| At 31 December 1997 | 320,514 | 320,514 |
| Net Book Value | | |
| At 31 December 1997 | £ 320,514 | £ 320,514 |
| At 31 December 1996 | £ 320,514 | £ 320,514 |

9. TANGIBLE ASSETS

| | Buildings and Improvements £ | Plant and Machinery £ | Motor Vehicles £ | Total £ |
|---------------------|---------------------------------------|-----------------------------|------------------------|------------|
| Cost | | | | |
| At 1 January 1997 | 44,713 | 948,744 | 124,141 | 1,117,598 |
| Additions | - | 225,666 | 10,883 | 236,549 |
| Disposals | - | (88,305) | (18,469) | (106,774) |
| At 31 December 1997 | 44,713 | 1,086,105 | 116,555 | 1,247,373 |
| Depreciation | | | | |
| At 1 January 1997 | 7,770 | 245,229 | 32,351 | 285,350 |
| Charge for year | 5,209 | 147,699 | 31,373 | 184,281 |
| On disposals | - | (35,507) | (5,385) | (40,892) |
| At 31 December 1997 | 12,979 | 357,421 | 58,339 | 428,739 |
| Net Book Value | | | | |
| At 31 December 1997 | £ 31,734 | £ 728,684 | £ 58,216 | £ 818,634 |
| At 31 December 1996 | £ 36,943 | £ 703,515 | £ 91,790 | £ 832,248 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

10. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ | Loans to group undertakings £ | Other investments £ | Total £ |
|---------------------|---|--|---------------------------|-------------|
| Cost | | | | |
| At 1 January 1997 | 3,520,277 | - | 5,176 | 3,525,453 |
| At 31 December 1997 | 3,520,277 | - | 5,176 | 3,525,453 |
| Net Book Value | | | | |
| At 31 December 1997 | £ 3,520,277 | £ - | £ 5,176 | £ 3,525,453 |
| At 31 December 1996 | £ 3,520,277 | £ - | £ 5,176 | £ 3,525,453 |

Investments include an investment in a subsidiary, Hallsworth (Farmland Trust) Limited, comprising a holding of 100% of its issued ordinary capital.

During its latest financial year Hallsworth (Farmland Trust) Limited made a loss of £8,384 (1996 - £15,265) and at the end of that year the aggregate of its capital and reserves was £2,920,361 (1996 - £2,928,745).

The market value of listed investments, which are included above at cost of £5,176, as at 31 December 1997 was £10,044 (1996: £6,563).

The market value of unlisted investments, which are included above at cost of £NIL, as at 31 December 1997 was £1,594 (1996: £NIL).

11. STOCKS

| | 1997 £ | 1996 £ |
|----------------|-------------|-------------|
| Livestock | 130,505 | 137,675 |
| Crops in store | 824,651 | 722,935 |
| Cultivations | 331,710 | 457,192 |
| Consumables | 154,329 | 168,899 |
| | £ 1,441,195 | £ 1,486,701 |

12. DEBTORS

| | 1997 £ | 1996 £ |
|--------------------------------|-----------|-----------|
| Due within one year | | |
| Trade debtors | 165,894 | 122,695 |
| Other debtors | 246,019 | 73,972 |
| Prepayments and accrued income | 4,692 | 13,803 |
| | £ 416,605 | £ 210,470 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

13. CREDITORS:

Amounts falling due within one year

| | 1997 £ | 1996 £ |
|--|--------------------|--------------------|
| Net obligations under finance lease and hire purchase contracts | - | 32,667 |
| Trade creditors | 1,430 | 34,397 |
| Corporation tax | - | 56,560 |
| Other creditors | 715,732 | 712,005 |
| Accruals and deferred income | 299,388 | 299,752 |
| | <u>£ 1,016,550</u> | <u>£ 1,135,381</u> |

14. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1997 £ | 1996 £ |
|---------------------|-----------------|-----------------|
| <i>Deferred Tax</i> | | |
| At 1 January 1997 | 17,371 | - |
| Charge for the year | 54,226 | 17,371 |
| | <u>£ 71,597</u> | <u>£ 17,371</u> |
| At 31 December 1997 | | |

15. CALLED UP SHARE CAPITAL

| | 1997 £ | 1996 £ |
|---|--------------------|--------------------|
| Authorised | | |
| 2,000,000 ordinary shares of £1 each | <u>£ 2,000,000</u> | <u>£ 2,000,000</u> |
| Allotted, called up and fully paid | | |
| 1,000,000 ordinary shares of £1 each | <u>£ 1,000,000</u> | <u>£ 1,000,000</u> |

16. RESERVES

| | £ |
|---|--------------------|
| Capital reserve | |
| At 1 January 1997 | 4,700,000 |
| Capital transferred from parent undertaking | 650,000 |
| | <u>£ 5,350,000</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

17. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

| | 1997 £ | 1996 £ |
|---|--------------------|--------------------|
| (Loss)/Profit for the year | (39,227) | 265,195 |
| Capital transferred from parent undertaking | 650,000 | - |
| | <u>610,773</u> | <u>265,195</u> |
| Opening shareholders' funds | 5,704,761 | 5,439,566 |
| | <u>£ 6,315,534</u> | <u>£ 5,704,761</u> |

18. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT

| | 1997 £ | 1996 £ |
|--|--------------------|--------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 36,199 | 11,569 |
| Interest paid | (208) | - |
| Income received from investments | 455 | - |
| | <u>£ 36,446</u> | <u>£ 11,569</u> |
| Capital expenditure and financial investment | | |
| Purchase of intangible fixed assets | - | (51,412) |
| Purchase of tangible fixed assets | (236,549) | (272,847) |
| Sale of intangible fixed assets | - | 52,650 |
| Sale of tangible fixed assets | 73,939 | 59,075 |
| Purchase of fixed asset investments | - | (309,540) |
| | <u>£ (162,610)</u> | <u>£ (522,074)</u> |
| | 1997 £ | 1996 £ |

18. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT (Continued)

Financing

| | | |
|---|-------------------|-------------------|
| Capital element of hire purchase payments | (32,667) | (32,666) |
| | <u>(32,667)</u> | <u>(32,666)</u> |
| Decrease in debt | | |
| | <u>£ (32,667)</u> | <u>£ (32,666)</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

19. ANALYSIS OF NET FUNDS

| | At 1 Jan 1997 £ | Cash flow £ | Other changes £ | At 31 Dec 1997 £ |
|--------------------------|-----------------------|----------------|-----------------------|------------------------|
| Net cash: | | | | |
| Cash at bank and in hand | 482,127 | 399,153 | | 881,280 |
| Funds: | | | | |
| Hire purchase | (32,667) | (32,667) | - | - |
| Net funds | £ 449,460 | £ 366,486 | £ - | £ 881,280 |

20. OTHER COMMITMENTS

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 1997 £ | 1996 £ | Other 1997 £ | 1996 £ |
|----------------------|---------------------------------|-----------|--------------------|-----------|
| Expiry date: | | | | |
| In more than 5 years | 264,800 | 258,757 | - | - |

21. PENSION COMMITMENTS

The company is part of a group scheme operating a pension plan based on final pensionable earnings. The assets of the Plan are held in a separate trustee administered fund. Contributions charged to the revenue account are calculated so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan was as at 31 December 1995. The assumptions having the most significant effect on the valuation results were that investment returns would be 9% and that pensionable earnings increases would average 7.5 % p.a. (pensionable earnings are currently increasing at 4.8% p.a.). The valuation showed that the market value of the Plan's assets was £6,581,000 and that the actuarial value of those assets represented 110% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings.

The pension charged for the period was £24,802, which included allowance for the amortisation of experience surpluses. These are being recognised over 12 years, the average remaining service lives of employees.

22. RELATED PARTIES

During the normal courses of business, the company carried out arms length transactions various related parties as follows:

a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord;

| | |
|--------------------------------|-------------|
| Charitable covenant | £ (334,024) |
| Rent payable | £ (259,525) |
| Management fees payable | £ (7,310) |
| Management fees receivable | £ 18,000 |
| Balance as at 31 December 1997 | £ 109,421 |

b) Farm Management Company, the Church's agricultural division in the United States which acts in an advisory capacity;

| | |
|--------------------------------|------------|
| Management fees payable | £ (35,404) |
| Balance as at 31 December 1997 | £ (28,706) |

c) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

| | |
|--------------------------------|-------------|
| Management fees receivable | £ 79,940 |
| Balance as at 31 December 1997 | £ (344,509) |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

23. POST BALANCE SHEET EVENTS

Since the year end, the company has purchased a second subsidiary, Farmspeed (Southern Anchor) Limited. This company operates an arable farm of approximately 1,800 hectares in Norfolk.

24. PARENT COMPANY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations being incorporated in the State of Utah.